

Adopted	Rejected
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## COMMITTEE REPORT

YES:	10
NO:	2

### MR. SPEAKER:

*Your Committee on Public Health, to which was referred Senate Bill 364, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1           Page 1, delete lines 1 through 15, begin a new paragraph and
- 2           insert:
- 3           "SECTION 1. IC 27-13-1-11.3 IS ADDED TO THE INDIANA
- 4           CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 5           [EFFECTIVE JULY 1, 1998]: **Sec. 11.3. "Department" refers to the**
- 6           **department of insurance.**
- 7           SECTION 2. IC 27-13-1-11.7 IS ADDED TO THE INDIANA
- 8           CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 9           [EFFECTIVE JULY 1, 1998]: **Sec. 11.7. "Emergency" means a**
- 10          **medical condition that arises suddenly and unexpectedly and**
- 11          **manifests itself by acute symptoms of such severity, including**
- 12          **severe pain, that the absence of immediate medical attention could**
- 13          **reasonably be expected by a prudent lay person who possesses an**
- 14          **average knowledge of health and medicine to:**
- 15               (1) **place an individual's health in serious jeopardy;**
- 16               (2) **result in serious impairment to the individual's bodily**

1 functions; or  
 2 (3) result in serious dysfunction of a bodily organ or part of  
 3 the individual.

4 SECTION 3. IC 27-13-1-13.5 IS ADDED TO THE INDIANA  
 5 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 6 [EFFECTIVE JULY 1, 1998]: **Sec. 13.5. "Experimental treatment"**  
 7 **means medical technology or a new application of existing medical**  
 8 **technology, including medical procedures, drugs, and devices for**  
 9 **treating a medical condition, illness, or diagnosis that:**

10 (1) is not generally accepted by informed health care  
 11 professionals in the United States as effective; or

12 (2) has not been proven by scientific testing or evidence to be  
 13 effective;

14 in treating the medical condition, illness, or diagnosis for which its  
 15 use is proposed.

16 SECTION 4. IC 27-13-1-27.5 IS ADDED TO THE INDIANA  
 17 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 18 [EFFECTIVE JULY 1, 1998]: **Sec. 27.5. "Primary care provider"**  
 19 **means a provider under contract with a health maintenance**  
 20 **organization who is designated by the health maintenance**  
 21 **organization to coordinate, supervise, or provide ongoing care to**  
 22 **an enrollee.**

23 SECTION 5. IC 27-13-1-28.5 IS ADDED TO THE INDIANA  
 24 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 25 [EFFECTIVE JULY 1, 1998]: **Sec. 28.5. "Quality assurance"** **means**  
 26 **the ongoing evaluation of the quality of health care services**  
 27 **provided to enrollees.**

28 SECTION 6. IC 27-13-8-2, AS AMENDED BY P.L.191-1997,  
 29 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 30 JULY 1, 1999]: Sec. 2. (a) In addition to the report required by section  
 31 1 of this chapter, a health maintenance organization shall each year file  
 32 with the commissioner the following:

33 (1) Audited financial statements of the health maintenance  
 34 organization for the preceding calendar year.

35 (2) A list of participating providers who provide health care  
 36 services to enrollees or subscribers of the health maintenance  
 37 organization.

38 (3) A description of the grievance procedure of the health

1 maintenance organization, the total number of grievances  
 2 handled through the procedure during the preceding calendar  
 3 year, a compilation of the causes underlying those grievances,  
 4 and a summary of the final disposition of those grievances.

5 **(4) The percentage of providers credentialed by the health**  
 6 **maintenance organization according to standards, if any,**  
 7 **developed by the National Committee on Quality Assurance**  
 8 **or a successor organization.**

9 **(5) The health maintenance organization's Health Plan**  
 10 **Employer Data and Information Set (HEDIS) data.**

11 (b) The information required by subsection (a)(2) ~~and (a)(3)~~  
 12 **through (a)(4)** must be filed with the commissioner on or before  
 13 March 1 of each year. The audited financial statements required by  
 14 subsection (a)(1) must be filed with the commissioner on or before  
 15 June 1 of each year. **The health maintenance organization's HEDIS**  
 16 **data required by subsection (a)(5) must be filed with the**  
 17 **commissioner on or before July 1 of each year.** The commissioner  
 18 shall:

19 (1) make the information required to be filed under this section  
 20 available to the public; and

21 (2) prepare an annual compilation of the data required under  
 22 subsection (a)(3) **through (a)(5)** that allows for comparative  
 23 analysis.

24 (c) The commissioner may require any additional reports as are  
 25 necessary and appropriate for the commissioner to carry out the  
 26 commissioner's duties under this article.

27 SECTION 7. IC 27-13-9-1, AS ADDED BY P.L.26-1994,  
 28 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 29 JULY 1, 1998]: Sec. 1. Upon:

30 (1) the enrollment; and

31 (2) each reenrollment;

32 of a subscriber, a health maintenance organization must provide to the  
 33 subscriber a list of providers who provide health care services through  
 34 the health maintenance organization. **The health maintenance**  
 35 **organization must also provide the list of providers to a potential**  
 36 **enrollee upon request.**

37 SECTION 8. IC 27-13-9-4, AS AMENDED BY P.L.191-1997,  
 38 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

JANUARY 1, 1999]: Sec. 4. A health maintenance organization shall provide to each enrollee and subscriber:

(1) information on:

(A) how services can be obtained;

(B) where additional information on access to services can be obtained; ~~and~~

(C) how to file a grievance under IC 27-13-10; ~~and~~

**(D) the health maintenance organization's:**

**(i) structure;**

**(ii) health care benefits and exclusions; and**

**(iii) criteria for denying coverage; and**

**(E) costs for which the enrollee or subscriber is responsible; and**

(2) a toll free telephone number through which the enrollee can contact the health maintenance organization at no cost to the enrollee to obtain information and to file grievances.

**The information under this section must be provided to a potential enrollee of the health maintenance organization upon request.**

SECTION 9. IC 27-13-23-7 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: **Sec. 7. (a) Beginning July 1, 1999, the commissioner shall review each health maintenance organization's Health Plan Employer Data and Information Set (HEDIS) data on an annual basis.**

**(b) The commissioner may contract with an appropriate entity to conduct the reviews required under this section.**

SECTION 10. IC 27-13-24-1, AS ADDED BY P.L.26-1994, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1998]: Sec. 1. (a) The commissioner may suspend or revoke a certificate of authority issued under this article or deny an application submitted under this article if the commissioner finds that any of the following conditions exists:

(1) The health maintenance organization is operating:

(A) significantly in contravention of its basic organizational document; or

(B) in a manner contrary to that described in any other information submitted under IC 27-13-2;

unless amendments to the basic organizational document or

other submissions that are consistent with the operations of the organization have been filed with and approved by the commissioner.

(2) The health maintenance organization:

(A) issues an evidence of coverage;

(B) enters into a contract with a participating provider; or

(C) uses a schedule of charges for health care services;

that does not comply with the requirements of IC 27-13-7, IC 27-13-15, and IC 27-13-20.

(3) The health maintenance organization does not provide or arrange for basic health care services.

(4) The commissioner determines that the health maintenance organization is unable to fulfill its obligations to furnish health care coverage.

(5) The health maintenance organization is no longer financially responsible and may reasonably be expected to be unable to meet its obligations to enrollees or prospective enrollees.

(6) The health maintenance organization has failed to correct, within the time prescribed by section 2 of this chapter, any deficiency occurring due to the impairment of the prescribed minimum net worth of the health maintenance organization.

(7) The health maintenance organization has failed to implement the grievance procedures required by IC 27-13-10 in a reasonable manner to resolve valid complaints.

(8) The health maintenance organization or any person acting on behalf of the organization has intentionally advertised or merchandised the services of the organization in an untrue, a misrepresentative, a misleading, a deceptive, or an unfair manner.

(9) The continued operation of the health maintenance organization would be hazardous to the enrollees of the organization.

**(10) The health maintenance organization fails to comply with the requirements provided under IC 27-13-36 through IC 27-13-40.**

~~(10)~~ **(11)** The health maintenance organization has otherwise failed substantially to comply with this article.

(b) The commissioner, in a proceeding under IC 4-21.5-3-8, may

1 impose a civil penalty of not more than twenty-five thousand dollars  
 2 (\$25,000) against a health maintenance organization for each cause  
 3 listed in subsection (a). The civil penalties may not exceed one hundred  
 4 thousand dollars (\$100,000) for any one (1) health maintenance  
 5 organization in one (1) calendar year. The penalty may be imposed in  
 6 addition to or instead of a suspension or revocation of the certificate of  
 7 authority of the health maintenance organization.

8 SECTION 11. IC 27-13-28-7 IS ADDED TO THE INDIANA  
 9 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 10 [EFFECTIVE JULY 1, 1998]: **Sec. 7. This article does not preclude**  
 11 **the department from investigating complaints, grievances, or**  
 12 **appeals on behalf of enrollees or providers."**

13 Page 2, delete lines 1 through 16.

14 Page 2, line 21, delete "IC 27-13-8-1.5(a)(1) and" and insert "**IC**  
 15 **27-13-8-2(a)(5)**".

16 Page 2, line 22, delete "IC 27-13-8-1.5(a)(2)".

17 Page 2, line 33, delete "IC 27-14-3-5 and IC 27-14-3-6" and insert  
 18 "**IC 27-13-36-5 and IC 27-13-36-6**".

19 Page 2, line 35, delete "IC 27-14-7 concerning descriptions" and  
 20 insert "**IC 27-13-40 concerning comparison sheets**".

21 Page 2, delete lines 37 through 42, begin a new paragraph and  
 22 insert:

23 "SECTION 13. IC 27-13-34-15, AS ADDED BY P.L.26-1994,  
 24 SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 JULY 1, 1999]: Sec. 15. All contracts with providers or with entities  
 26 subcontracting for the provision of limited health services to enrollees  
 27 on a prepayment basis or other basis must contain, or shall be  
 28 construed to contain, the following terms and conditions:

29 (1) If the limited service health maintenance organization fails  
 30 to pay for limited health services for any reason whatsoever,  
 31 including insolvency or breach of this contract, the enrollees  
 32 shall not be liable to the provider for any sums owed to the  
 33 provider under this contract.

34 (2) No provider or agent, trustee, representative, or assignee of  
 35 a provider may maintain an action at law or attempt to collect  
 36 from the enrollee sums that the limited service health  
 37 maintenance organization owes to the provider.

38 (3) These provisions do not prohibit the collection of:

- 1 (A) uncovered charges consented to by enrollees; or  
 2 (B) copayments;  
 3 from enrollees.

4 **(4) The contract may not provide for a financial or other**  
 5 **penalty to a primary care provider for making a referral**  
 6 **permitted under IC 27-13-36-5(a), but may provide for**  
 7 **reasonable cost sharing between the primary care provider**  
 8 **and the limited service health maintenance organization for**  
 9 **the additional costs incurred as a result of service provided**  
 10 **by an out of network provider.**

11 ~~(4)~~ **(5)** These provisions survive the termination of this contract,  
 12 regardless of the reason for the termination.

13 ~~(5)~~ **(6)** For not more than ninety (90) days after the termination  
 14 of this contract, the provider must complete procedures in  
 15 progress on an enrollee receiving treatment for a specific  
 16 condition, at the same schedule of copayment or other applicable  
 17 charge that is in effect on the effective date of termination of the  
 18 contract.

19 ~~(6)~~ **(7)** An amendment to the provisions of this contract set forth  
 20 in subdivisions (1) through ~~(5)~~ **(6)** must be:

- 21 (A) submitted to; and  
 22 (B) approved by;  
 23 the commissioner before it becomes effective."

24 Delete pages 3 through 4.

25 Page 5, delete lines 1 through 29, begin a new paragraph and  
 26 insert:

27 "SECTION 14. IC 27-13-36 IS ADDED TO THE INDIANA  
 28 CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS  
 29 [EFFECTIVE JULY 1, 1998]:".

30 Page 5, line 30, delete "3." and insert "**36. Patient Protection;**".

31 Page 5, line 32, delete "managed care plan" and insert "**health**  
 32 **maintenance organization**".

33 Page 5, line 37, delete "managed care plan" and insert "**health**  
 34 **maintenance organization**".

35 Page 5, line 38, delete "managed care entity shall employ" and  
 36 insert "**health maintenance organization shall contract with or**  
 37 **employ**".

38 Page 5, line 40, after "to" insert "**do the following**".

- 1 Page 5, line 41, delete "develop" and insert "**Participate in the**
- 2 **development of the health maintenance organization's**".
- 3 Page 5, line 42, delete "; and" and insert ".".
- 4 Page 6, line 1, delete "make utilization management decisions;"
- 5 and insert "**Consult with the treating provider before an adverse**
- 6 **utilization review decision is made.**".
- 7 Page 6, delete line 2.
- 8 Page 6, line 3, delete "Each managed care plan" and insert
- 9 "**Beginning July 1, 1999, each health maintenance organization**".
- 10 Page 6, line 5, delete "managed care plan's" and insert "**health**
- 11 **maintenance organization's**".
- 12 Page 6, delete line 9 and insert "**subscribers of the health**
- 13 **maintenance organization. Compliance with the most current**
- 14 **guidelines developed by the National Committee on Quality**
- 15 **Assurance or a successor organization is sufficient to meet the**
- 16 **requirements of this section.**".
- 17 Page 6, line 10, after "(a)" insert "**The provisions of this section**
- 18 **do not apply until July 1, 1999.**
- 19 Page 6, line 10, delete "A managed care entity", begin a new
- 20 paragraph and insert:
- 21 "**(b) Each health maintenance organization**".
- 22 Page 6, line 11, delete "each managed care plan operated by the
- 23 managed" and insert "**the health maintenance organization**".
- 24 Page 6, line 12, delete "care entity".
- 25 Page 6, line 16, delete "enrollees of the" and insert "**subscribers**
- 26 **of the health maintenance organization. Compliance with the most**
- 27 **current guidelines developed by the National Committee on**
- 28 **Quality Assurance or a successor organization is sufficient to meet**
- 29 **the requirements of this subsection.**".
- 30 Page 6, delete line 17.
- 31 Page 6, line 18, delete "(b) If a managed care entity offers a
- 32 managed care plan that" and insert "**(c) If a health maintenance**
- 33 **organization**".
- 34 Page 6, line 24, delete "managed care entity" and insert "**health**
- 35 **maintenance organization**".
- 36 Page 6, line 25, after "of" insert "**subscribers of the health**
- 37 **maintenance organization. Compliance with the most current**
- 38 **guidelines developed by the National Committee on Quality**



- 1     **Assurance or a successor organization is sufficient to meet the**
- 2     **requirements of this subsection."**
- 3         Page 6, delete line 26.
- 4         Page 6, line 27, delete "Primary" and insert "**Beginning July 1,**
- 5     **1999, primary"**.
- 6         Page 6, line 35, after "(a)" insert "**The provisions of the section**
- 7     **do not apply until July 1, 1999."**
- 8         Page 6, line 35, before "When," begin a new paragraph and insert:
- 9     **"(b)".**
- 10         Page 6, line 36, after "the" insert "**enrollee needs a particular**
- 11     **health care service and the health maintenance organization**
- 12     **determines that the"**.
- 13         Page 6, line 36, delete "an" and insert "**the"**.
- 14         Page 6, line 37, delete "is" and insert ":"
- 15         **(1) is a covered service; and**
- 16         **(2) is"**.
- 17         Page 6, line 37, delete "a managed care plan's" and insert "**the**
- 18     **health maintenance organization's"**.
- 19         Page 6, line 38, delete "," and insert ";"
- 20         Page 6, line 38, before "the" begin a new line blocked left.
- 21         Page 6, line 38, after "provider" insert "**and the health**
- 22     **maintenance organization"**.
- 23         Page 6, line 39, delete "that" and insert "**who"**.
- 24         Page 6, line 40, delete "for treatment" and insert "**within a**
- 25     **reasonable amount of time and within a reasonable proximity of**
- 26     **the enrollee"**.
- 27         Page 6, line 41, delete "(b)" and insert "(c)".
- 28         Page 6, line 42, delete "which" and insert "**whom"**.
- 29         Page 7, line 1, delete "(a), the managed care plan shall indemnify
- 30     the enrollee" and insert "**(b), the health maintenance organization**
- 31     **shall pay the out of network provider"**.
- 32         Page 7, line 2, delete "for"
- 33         Page 7, line 4, delete "managed care plan's" and insert "**health**
- 34     **maintenance organization's"**.
- 35         Page 7, line 5, delete "medical specialist for the treatment" and
- 36     insert "**out of network provider"**.
- 37         Page 7, line 6, delete "The payment that the provider agrees to
- 38     accept for the" and insert "**An amount agreed to between the health**

1 **maintenance organization and the out of network provider."**

2 Page 7, delete lines 7 through 9.

3 Page 7, line 10, delete "deductibles and copayments," and insert  
4 **"The enrollee's treating provider may collect from the enrollee only**  
5 **the deductible or copayment,"**.

6 Page 7, line 12, after "." insert **"The enrollee may not be billed**  
7 **by the health maintenance organization or by the out of network**  
8 **provider for any difference between the out of network provider's**  
9 **charge and the amount paid by the health maintenance**  
10 **organization to the out of network provider as provided in this**  
11 **subsection."**

12 Page 7, line 13, delete "(c)" and insert **"(d)"**.

13 Page 7, line 13, delete "managed care entity" and insert **"health**  
14 **maintenance organization"**.

15 Page 7, line 15, delete "referral permitted" and insert  
16 **"determination allowed"**.

17 Page 7, line 16, delete "(a), but may provide for reasonable sharing  
18 between the" and insert **"(b)."**

19 Page 7, delete lines 17 through 19.

20 Page 7, line 20, delete "managed care plan" and insert **"health**  
21 **maintenance organization"**.

22 Page 7, line 21, delete "managed care plan's" and insert **"health**  
23 **maintenance organization's"**.

24 Page 7, line 23, delete "managed care plan" and insert **"health**  
25 **maintenance organization"**.

26 Page 7, line 26, delete "the managed care plan and".

27 Page 7, line 29, delete "managed care plan" and insert **"health**  
28 **maintenance organization or, in the case of a pregnant enrollee in**  
29 **the third trimester of pregnancy, throughout the term of the**  
30 **enrollee's pregnancy"**.

31 Page 7, line 33, delete "managed care plan" and insert **"health**  
32 **maintenance organization"**.

33 Page 7, line 38, delete "rate" and insert **"terms and conditions"**.

34 Page 8, line 1, delete "managed care plan" and insert **"health**  
35 **maintenance organization"**.

36 Page 8, line 2, delete "managed care plan" and insert **"health**  
37 **maintenance organization"**.

38 Page 8, line 5, delete "managed care plan" and insert **"health**

- 1 **maintenance organization".**
- 2 Page 8, line 7, delete "emergency care or".
- 3 Page 8, line 8, delete "managed care plan" and insert "**health**
- 4 **maintenance organization".**
- 5 Page 8, line 8, delete "standards" and insert "**guidelines**".
- 6 Page 8, line 13, delete "standards" and insert "**guidelines**".
- 7 Page 8, line 19, delete "Follow-up appointments for chronic
- 8 conditions." and insert "**Adult preventive services.**".
- 9 Page 8, line 20, delete "care" and insert "**visits**".
- 10 Page 8, line 22, delete "in a managed care" and insert ", ".
- 11 Page 8, line 23, delete "plan, covered inpatient and outpatient" and
- 12 insert "**covered**".
- 13 Page 9, line 1, delete "managed care plan" and insert "**health**
- 14 **maintenance organization".**
- 15 Page 9, line 5, after "between" delete "the".
- 16 Page 9, line 6, after "(A)" insert "**the**".
- 17 Page 9, line 8, delete "managed care plan" and insert "**the health**
- 18 **maintenance organization".**
- 19 Page 9, line 10, after "attention" insert ".".
- 20 Page 9, line 11, delete "at the nearest facility.".
- 21 Page 9, line 13, delete "IC 27-14-1-8" and insert "**IC**
- 22 **27-13-1-11.7".**
- 23 Page 9, line 14, delete "managed care plan" and insert "**health**
- 24 **maintenance organization".**
- 25 Page 9, line 15, delete "the rate the enrollee's in-plan covered" and
- 26 insert "**a rate equal to the lesser of the following:**
- 27 **(1) The usual, customary, and reasonable charge in the**
- 28 **health maintenance organization's service area for health**
- 29 **care services provided during the emergency.**
- 30 **(2) An amount agreed to between the health maintenance**
- 31 **organization and the out of network provider."**
- 32 Page 9, line 16, delete "emergency services would be paid.".
- 33 Page 9, line 16, before "A" begin a new line blocked left.
- 34 Page 9, line 19, after "deductible." insert "**Care and treatment**
- 35 **provided to an enrollee once the enrollee is stabilized is not care**
- 36 **obtained in an emergency."**
- 37 Page 9, line 20, delete "managed care plan" and insert "**health**
- 38 **maintenance organization".**

- 1 Page 9, line 21, delete "managed care plan" and insert "**health**
- 2 **maintenance organization**".
- 3 Page 9, line 22, after "of" insert "**the health maintenance**
- 4 **organization's enrollees, including**".
- 5 Page 9, line 22, delete "populations," and insert "**enrollees and**".
- 6 Page 9, line 23, delete "including".
- 7 Page 9, line 24, delete ", as defined by rules adopted" and insert
- 8 ".".
- 9 Page 9, delete line 25.
- 10 Page 9, line 26, delete "managed care plan" and insert "**health**
- 11 **maintenance organization**".
- 12 Page 9, line 28, delete "managed care plan" and insert "**health**
- 13 **maintenance organization**".
- 14 Page 9, delete lines 29 through 34, begin a new paragraph and
- 15 insert:
- 16 "SECTION 15. IC 27-13-37 IS ADDED TO THE INDIANA
- 17 CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS
- 18 [EFFECTIVE JULY 1, 1998]:".
- 19 Page 9, line 35, delete "4." and insert "**37. Patient Protection**";.
- 20 Page 9, delete lines 36 through 38.
- 21 Page 9, line 39, delete "2" and insert "**1**".
- 22 Page 9, line 39, delete "managed care plan shall permit" and insert
- 23 "**health maintenance organization shall allow**".
- 24 Page 9, line 40, delete "managed care plan" and insert "**health**
- 25 **maintenance organization**".
- 26 Page 9, line 42, delete "plan" and insert "**health maintenance**
- 27 **organization**".
- 28 Page 10, line 1, delete "as" and insert "**semiannually**".
- 29 Page 10, line 2, delete "participating providers are added or
- 30 removed".
- 31 Page 10, line 2, delete "the" and insert "**a sufficient number of**
- 32 **primary care providers that accept new enrollees. The list must be:**
- 33 **(1) provided to each enrollee annually; and**
- 34 **(2) sent to an enrollee at the enrollee's request.**".
- 35 Page 10, delete lines 3 through 11.
- 36 Page 10, line 12, delete "3" and insert "**2**".
- 37 Page 10, line 12, delete "managed care plan" and insert "**health**
- 38 **maintenance organization**".

- 1 Page 10, line 13, delete "permit" and insert "**allow**".
- 2 Page 10, line 13, after "appropriate" insert "**participating**".
- 3 Page 10, line 13, delete "treat" and insert "**manage**".
- 4 Page 10, line 15, delete "a medical specialist" and insert "**another**
- 5 **appropriate participating provider**".
- 6 Page 10, line 18, after "to a" insert "**participating**".
- 7 Page 10, line 19, delete "that" and insert "**whom**".
- 8 Page 10, line 20, delete "managed care plan" and insert "**health**
- 9 **maintenance organization**".
- 10 Page 10, line 21, after "appropriate" insert "**participating**".
- 11 Page 10, line 22, after "to the" insert "**participating**".
- 12 Page 10, line 24, after "condition" insert ", **subject to the terms**
- 13 **and conditions of the enrollee's contract with the health**
- 14 **maintenance organization**".
- 15 Page 10, between lines 24 and 25, begin a new paragraph and
- 16 insert:
- 17 "**(d) A contract between a health maintenance organization**
- 18 **and a primary care provider may not provide for a financial or**
- 19 **other penalty to the primary care provider for making a referral**
- 20 **allowed under this section.**".
- 21 Page 10, line 25, delete "4" and insert "**3**".
- 22 Page 10, line 25, delete "Each managed care plan" and insert
- 23 "**Beginning July 1, 1999, each health maintenance organization**".
- 24 Page 10, line 26, after "and" delete "appropriate".
- 25 Page 10, line 26, after "to appropriate" insert "**participating**".
- 26 Page 10, line 26, delete "within the".
- 27 Page 10, line 27, delete "managed care plan".
- 28 Page 10, line 29, delete "shall".
- 29 Page 10, line 29, after "appropriate" insert "**participating**".
- 30 Page 10, line 31, delete "are provided with" and insert "**have**".
- 31 Page 10, line 31, after "appropriate" insert "**participating**".
- 32 Page 10, line 33, delete "Sec. 5. (a) Each managed care entity" and
- 33 insert "**Sec. 4. Beginning July 1, 1999, each health maintenance**
- 34 **organization**".
- 35 Page 10, line 34, delete "managed care plan" and insert "**group**
- 36 **contract or individual contract**".
- 37 Page 10, line 34, after "product" insert "**to the extent permitted**
- 38 **by IC 27-13-13-8**".

- 1 Page 10, delete lines 35 through 42.
- 2 Page 11, delete lines 1 through 3.
- 3 Page 11, line 4, delete "6" and insert "5".
- 4 Page 11, line 4, delete "managed care plan" and insert "**health**
- 5 **maintenance organization**".
- 6 Page 11, line 4, delete "provide enrollees in the" and insert "**allow**
- 7 **an enrollee who has received a medical opinion from a**
- 8 **participating provider to obtain a second medical opinion from an**
- 9 **appropriate participating provider concerning the enrollee's**
- 10 **medical condition at the enrollee's request.**".
- 11 Page 11, delete lines 5 through 8, begin a new paragraph and
- 12 insert:
- 13 "SECTION 16. IC 27-13-38 IS ADDED TO THE INDIANA
- 14 CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS
- 15 [EFFECTIVE JANUARY 1, 1999]:".
- 16 Page 11, line 9, delete "5." and insert "**38. Patient Protection;**".
- 17 Page 11, line 11, delete "managed care plan that provides" and
- 18 insert "**health maintenance organization may apply a formulary to**
- 19 **the**".
- 20 Page 11, line 11, after "drug" insert "**and devices**".
- 21 Page 11, delete lines 12 through 13 and insert "**benefits provided**
- 22 **by the health maintenance organization if the formulary is**
- 23 **developed, reviewed, and updated:**".
- 24 Page 11, line 14, delete "(A)", begin a new line block indented and
- 25 insert:
- 26 "(1)".
- 27 Page 11, line 15, delete "(B)", begin a new line block indented and
- 28 insert:
- 29 "(2)".
- 30 Page 11, line 16, before "a pharmacy" begin a new line blocked
- 31 left.
- 32 Page 11, line 18, delete "(2) If the managed care plan", begin a
- 33 new paragraph and insert:
- 34 "**(b) If a health maintenance organization**".
- 35 Page 11, line 18, after "drug" insert "**and devices**".
- 36 Page 11, line 19, after "," insert "**the health maintenance**
- 37 **organization shall do the following:**".
- 38 Page 11, line 19, delete "disseminate", begin a new line block

- 1 indented and insert:
- 2 **"(1) Disseminate".**
- 3 Page 11, line 20, after "drug" insert **"and devices"**.
- 4 Page 11, line 21, delete "managed care plan" and insert **"health**
- 5 **maintenance organization"**.
- 6 Page 11, line 21, after "of the" insert **"devices and"**.
- 7 Page 11, line 23, after "drug" insert **"or device"**.
- 8 Page 11, line 24, after "drugs" insert **"or devices"**.
- 9 Page 11, line 25, delete "(3)" and insert **"(2)"**.
- 10 Page 11, line 27, delete "formulary" and insert **"in the enrollee's**
- 11 **covered benefits with the health maintenance organization,**
- 12 **coverage for a specific, medically necessary and appropriate**
- 13 **nonformulary drug or device if the participating provider**
- 14 **documents and certifies in the enrollee's medical records that:**
- 15 **(A) the formulary drug or device is ineffective in**
- 16 **treating the enrollee's disease or condition; or**
- 17 **(B) the participating provider believes that the**
- 18 **formulary drug or device causes or is reasonably**
- 19 **expected to cause a harmful outcome or a less than**
- 20 **reasonably optimal outcome to the enrollee."**
- 21 Page 11, delete lines 28 through 32.
- 22 Page 11, line 33, delete "(b) A managed care plan" and insert **"(c)**
- 23 **A health maintenance organization"**.
- 24 Page 11, line 36, delete "managed care plan" and insert **"health**
- 25 **maintenance organization"**.
- 26 Page 11, line 37, delete "determines that a drug or" and insert **"has**
- 27 **prescribed a medically necessary and appropriate nonformulary**
- 28 **drug or device as provided in subsection (b)(2)."**
- 29 Page 11, delete lines 38 through 39, begin a new paragraph and
- 30 insert:
- 31 **"Sec. 2. Subject to section 1(b)(2) of this chapter, a prescribing**
- 32 **provider who prescribes drugs or devices shall determine the**
- 33 **appropriate drug therapy or device for an enrollee. A generic**
- 34 **substitution for a prescribed drug or device may be made only in**
- 35 **compliance with IC 16-42-22."**
- 36 Page 11, line 40, delete "2" and insert **"3"**.
- 37 Page 11, line 40, delete "managed care service plan" and insert
- 38 **"health maintenance organization that has a prescription drug**

- 1 **benefit".**
- 2 Page 12, line 18, delete "3" and insert "**4**".
- 3 Page 12, line 19, delete "2" and insert "**3**".
- 4 Page 12, line 21, delete "4" and insert "**5**".
- 5 Page 12, line 23, delete "5" and insert "**6**".
- 6 Page 12, lines 24, delete "shall" and insert "**may**".
- 7 Page 12, between lines 25 and 26, begin a new paragraph and
- 8 insert:
- 9 "SECTION 17. IC 27-13-39 IS ADDED TO THE INDIANA
- 10 CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS
- 11 [EFFECTIVE JANUARY 1, 1999]:".
- 12 Page 12, line 26, delete "6." and insert "**39. Patient Protection;**".
- 13 Page 12, line 27, delete "managed care plan" and insert "**health**
- 14 **maintenance organization**".
- 15 Page 12, line 31, delete "managed care plan" and insert "**health**
- 16 **maintenance organization**".
- 17 Page 12, line 33, delete "managed care" and insert "**health**
- 18 **maintenance organization**".
- 19 Page 12, line 34, delete "plan".
- 20 Page 12, line 40, delete "managed care plan" and insert "**health**
- 21 **maintenance organization**".
- 22 Page 13, line 2, delete "managed care plan" and insert "**health**
- 23 **maintenance organization**".
- 24 Page 13, line 2, after "for" insert "**experimental**".
- 25 Page 13, line 7, delete "Who is authorized to make a" and insert
- 26 "**A description of the process used to make the**".
- 27 Page 13, line 9, delete "The criteria the managed care plan" and
- 28 insert "**A description of the criteria the health maintenance**
- 29 **organization**".
- 30 Page 13, line 12, delete "(a) If a managed care plan" and insert "**(a)**
- 31 **If a health maintenance organization**".
- 32 Page 13, line 14, delete "managed" and insert "**health**
- 33 **maintenance organization**".
- 34 Page 13, line 15, delete "care plan".
- 35 Page 13, line 15, delete "letter in writing that" and insert "**written**
- 36 **explanation that includes the following**".
- 37 Page 13, delete line 16.
- 38 Page 13, line 17, after "(1)" delete "the" and insert "**The**".



- 1 Page 13, line 17, delete "; and" and insert ".".
- 2 Page 13, line 18, after "(2)" delete "the" and insert "**The**".
- 3 Page 13, line 18, delete "managed care plan's" and insert "**health**
- 4 **maintenance organization's**".
- 5 Page 13, between lines 20 and 21, begin a new line block indented
- 6 and insert:
- 7 "**(3) The telephone number of:**
- 8 **(A) an individual employed by the health maintenance**
- 9 **organization whom; or**
- 10 **(B) a department of the health maintenance**
- 11 **organization that;**
- 12 **the enrollee may contact for assistance in initiating an appeal**
- 13 **of the health maintenance organization's decision.**".
- 14 Page 13, line 21, delete "an expedited review" and insert "**a**
- 15 **review that takes not more than seventy-two (72) hours**".
- 16 Page 13, between lines 22 and 23, begin a new paragraph and
- 17 insert:
- 18 "SECTION 18. IC 27-13-40 IS ADDED TO THE INDIANA
- 19 CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS
- 20 [EFFECTIVE JULY 1, 1998]:".
- 21 Page 13, line 23, delete "7." and insert "**40. Patient Protection;**
- 22 **Health Maintenance Organization Comparison Sheets**".
- 23 Page 13, line 24, delete "managed care entity" and insert "**health**
- 24 **maintenance organization**".
- 25 Page 13, line 25, delete "offering a managed care plan".
- 26 Page 13, line 25, delete "managed care" and insert "**health**
- 27 **maintenance organization comparison sheet**".
- 28 Page 13, line 26, delete "plan description form".
- 29 Page 13, line 28, delete "form" and insert "**comparison sheet**".
- 30 Page 13, line 30, delete "managed care plan policies or" and insert
- 31 "**group contracts and individual**".
- 32 Page 13, line 32, delete "managed care plan policy or" and insert
- 33 "**group contract or individual**".
- 34 Page 13, line 34, delete "form" and insert "**comparison sheet**".
- 35 Page 13, line 35, delete "managed care plans" and insert "**health**
- 36 **maintenance organizations**".
- 37 Page 13, line 36, delete "managed care entity" and insert "**health**
- 38 **maintenance organization**".

- 1           Page 13, line 36, after "completed" insert "**health maintenance**
  - 2           **organization comparison sheet**".
  - 3           Page 13, delete line 37.
  - 4           Page 13, line 38, delete "operated by the managed care entity".
  - 5           Page 13, line 39, delete "managed" and insert "**health**
  - 6           **maintenance organization**".
  - 7           Page 13, line 40, delete "care plan".
  - 8           Page 13, line 41, delete "managed care entity's" and insert "**health**
  - 9           **maintenance organization's**".
  - 10          Page 13, line 42, after "or" insert "**an**".
  - 11          Page 14, line 1, delete "managed care plan offered by" and insert
  - 12          "**group contract or individual contract offered by the health**
  - 13          **maintenance organization**".
  - 14          Page 14, delete lines 2 through 30.
  - 15          Page 14, line 34, delete "managed care plan description form" and
  - 16          insert "**health maintenance organization comparison sheet**".
  - 17          Page 14, line 35, delete "IC 27-14-7-1" and insert "**IC**
  - 18          **27-13-40-1**".
  - 19          Renumber all SECTIONS consecutively.
- (Reference is to SB 364 as reprinted February 2, 1998.)

**and when so amended that said bill do pass.**

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Representative C. Brown